

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
NEW ALBANY DIVISION

IN RE:)
)
EASTERN LIVESTOCK CO., LLC,) Case No. 10-93904-BHL-11
)
Debtor.)

**MOTION TO APPROVE COMPROMISE AND SETTLEMENT
WITH FORT PAYNE STOCK YARD, INC.**

Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, James A. Knauer, as Chapter 11 trustee ("Trustee") for the bankruptcy estate ("Estate") of Eastern Livestock Co., LLC ("Debtor"), by counsel, hereby files this motion (the "Settlement Motion") requesting the Court's approval of a compromise and settlement of claims between the Trustee and Fort Payne Stock Yard, Inc. ("Fort Payne") pursuant to the terms and conditions set forth in the Settlement Agreement and Mutual Release substantially in the form attached hereto as Exhibit "A" (the "Settlement Agreement"). In support of this Settlement Motion, the Trustee respectfully represents the following:

Introduction and Background

1. Certain petitioning creditors commenced the above-captioned chapter 11 case (the "Chapter 11 Case") against the Debtor on December 6, 2010, by filing an involuntary petition for relief under chapter 11 of title 11 of the United States Code. This Court entered the Order for Relief in An Involuntary Case and Order to Complete Filing [Doc. No. 110] on December 28, 2010.

2. On December 27, 2010, the Court entered the Order Approving the Appointment of James A. Knauer as Chapter 11 Trustee [Doc. No. 102] pursuant to 11 U.S.C. § 1104.

3. On January 25, 2012, the Trustee filed the Trustee's Motion to Approve Certain Preference Avoidance Protocols and Terms of Settlement [Doc. No. 977] (the "Preference Protocol Motion"). The Court entered its Order Granting Trustee's Motion to Approve Certain Preference Avoidance Protocols and Terms of Settlement on February 15, 2012 [Doc. No. 1035] (the "Preference Protocol Order"), pursuant to which the Court authorized the Trustee to settle the Trade Preferences¹ in the sums of the Estimated Net Exposure without further order of the Court.

4. Based on his investigation, the Trustee concluded that Fort Payne received not less than \$88,977.40 in transfers from the Debtor (collectively, the "Transfers").

5. The Trustee commenced Adversary Proceeding No. 12-59132 against Fort Payne on December 20, 2012 to avoid and recover the Transfers from Fort Payne ("Preference Claim"). Subsequent to December 20, 2012, Fort Payne has provided information to the Trustee and has asserted defenses that arguably and significantly reduce Fort Payne's Estimated Net Exposure.

The Settlement

6. To avoid the cost, expense, and delay of further litigation, Fort Payne is willing to make payment of \$20,000.00 (the "Settlement Amount") within sixty (60) days

¹ Capitalized terms not otherwise defined herein shall have the meaning set forth in the Preference Protocol Motion.

from September 5, 2014, in satisfaction of the Preference Claim, provided the Court enters a final, non-appealable order approving this Settlement Motion.

7. In accordance with the terms of the Plan, the Settlement Amount shall become part of the Recovery Fund (as that term is defined in the Estate's confirmed Chapter 11 Plan).

8. In the exercise of his sound business judgment, the Trustee has determined that a settlement of the Preference Claim in the Settlement Amount is in the best interests of the Debtor's estate and its creditors.

9. The Trustee requests that the Court approve the compromise and settlement of claims between the Trustee and Fort Payne pursuant to the terms and conditions set forth in the Settlement Agreement. The Trustee is seeking court approval of the Settlement Agreement because the Settlement Amount is less than the sum of the Estimated Net Exposure as approved by the Preference Protocol Order.

Basis for Relief

10. Pursuant to Bankruptcy Rule 9019(a), this Court has authority to approve a compromise or settlement after notice and opportunity for a hearing. Under Bankruptcy Rule 9019, a bankruptcy court should approve a proposed compromise if it is fair and equitable and in the best interests of the estate. *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968); *In re Doctors Hosp. of Hyde Park, Inc.*, 474 F.3d 421, 426 (7th Cir. 2007). The Seventh Circuit has offered the following guidance to courts in making such determinations:

The linchpin of the "best interests of the estate" test is a comparison of the value of the settlement with the probable costs and benefits of litigating. Among the factors the court considers are

the litigation's probability of success, complexity, expense, inconvenience, and delay, "including the possibility that disapproving the settlement will cause wasting of assets."

In re Doctors Hosp. of Hyde Park, Inc., 474 F.3d at 426 (citations omitted).

11. Although the Trustee believes there is legal and factual support for the Preference Claim, settlement avoids the costs, expense, delay, and uncertainties of litigation. Litigation creates additional costs and expenses for the Debtor's estate and will thereby further deplete the estate. When evaluating the proposed settlement, the Trustee considered (i) the expenses the Debtor's estate would incur in litigating the Preference Claim, (ii) the probability of success in prosecuting the Preference Claim in light of the asserted defenses, and (iii) the best interests of the Debtor's estate and its creditors.

12. Pursuant to the exercise of his sound business judgment, the Trustee believes that the compromise and settlement reflected in the proposed Settlement Agreement is fair and equitable and in the best interests of the estate.

13. If no objections to this Settlement Motion are filed, the Parties request that the Court enter an order approving the Settlement Agreement. If any objections to this Settlement Motion are filed, the parties request that this Settlement Motion and any timely filed objection be scheduled for hearing by the Court on the earliest date that is available and convenient to the Court.

WHEREFORE, the Trustee respectfully requests that the Court enter an order approving the Settlement Agreement attached hereto as Exhibit "A" and grant the Trustee all other just and proper relief.

Respectfully submitted,

KROGER, GARDIS & REGAS, LLP

By: /s/ Jay P. Kennedy

Jay P. Kennedy (#5477-49)
Counsel for James A. Knauer,
Chapter 11 Trustee
111 Monument Circle, Suite 900
Indianapolis, IN 46204-5125
Telephone: (317) 777-7428
jpk@kgrlaw.com

CERTIFICATE OF SERVICE

I hereby certify that on September 23, 2014, a copy of the foregoing pleading was filed electronically. Notice of this filing will be sent to the following parties through the Court's Electronic Case Filing System. Parties may access this filing through the Court's system.

David L. Abt davidabt@mwt.net	Amelia Martin Adams adams@dlgfirm.com	John W. Ames james@bgdlegal.com
Kay Dee Baird kbaird@kdlegal.com	Christopher E. Baker cbaker@thblkaw.com	Robert A. Bell rabell@vorys.com
C. R. Bowles, Jr cbowles@ bgdlegal.com	David W. Brangers dbrangers@lawyer.com	Steven A. Brehm sbrehm@ bgdlegal.com
Kent A Britt kabritt@vorys.com	Kayla D. Britton kayla.britton@faegrebd.com	Joe Lee Brown Joe.Brown@Hardincounty.biz
Lisa Koch Bryant courtmail@fbhllaw.net	John R. Burns, III john.burns@faegrebd.com	John R. Carr, III jrciii@acs-law.com
Deborah Caruso dcaruso@daleeke.com	Ben T. Caughey ben.caughey@icemiller.com	Bret S. Clement bclement@acs-law.com
Joshua Elliott Clubb joshclubb@gmail.com	Jason W. Cottrell jwc@stuartlaw.com	Kirk Crutcher kcrutcher@mcs-law.com
Jack S. Dawson jdawson@millerdollarhide.com	Dustin R. DeNeal dustin.deneal@faegrebd.com	Laura Day Delcotto lidelcotto@dlgfirm.com
David Alan Domina dad@dominalaw.com	Daniel J. Donnellon ddonnellon@fclaw.com	Trevor L. Earl tearl@rwsvlaw.com
Shawna M. Eikenberry shawna.eikenberry@faegrebd.com	Jeffrey R. Erler jerler@ghjhlaw.com	William K. Flynn wkflynn@strausstroy.com
Robert Hughes Foree robertforee@bellsouth.net	Sandra D. Freeburger sfreeburger@dsf-atty.com	Melissa S. Giberson msgiberson@vorys.com
Thomas P. Glass tpglass@strausstroy.com	Patrick B. Griffin patrick.griffin@kutakrock.com	Terry E. Hall terry.hall@faegrebd.com
Paul M. Hoffman paul.hoffmann@stinsonleonard.com	John David Hoover jdhoover@hooverhull.com	John Huffaker john.huffaker@sprouselaw.com
Jeffrey L Hunter jeff.hunter@usdoj.gov	Jay Jaffe jay.jaffe@faegrebd.com	James Bryan Johnston bjtexas59@hotmail.com
Todd J. Johnston tjohnston@mcjllp.com	Jill Zengler Julian Jill.Julian@usdoj.gov	Jay P. Kennedy jp@kgrlaw.com
Edward M King tking@fbtlaw.com	James A. Knauer jak@kgrlaw.com	Erick P. Knoblock eknoblock@daleeke.com
Theodore A. Konstantinopoulos ndohbky@jbandr.com	Randall D. LaTour rdlatour@vorys.com	David A. Laird david.laird@moyewhite.com
David L. LeBas dlebas@namanhowell.com	Martha R. Lehman mlehman@kdlegal.com	Scott R. Leisz sleisz@bgdlegal.com
Elliott D. Levin edl@rubin-levin.net	Kim Martin Lewis kim.lewis@dinslaw.com	James B. Lind jblind@vorys.com
Karen L. Lobring lobring@msn.com	Jason A. Lopp jlopp@wyattfirm.com	John Hunt Lovell john@lovell-law.net
Harmony A. Mappes harmony.mappes@faegrebd.com	John Frederick Massouh john.massouh@sprouselaw.com	Michael W. McClain mmcclain@mcclaindeweес.com
Kelly Greene McConnell lisahughes@givenspursley.com	James Edwin McGhee mcghee@derbycitylaw.com	Brian H. Meldrum bmeldrum@stites.com
William Robert Meyer, II rmeyer@stites.com	Kevin J. Mitchell kevin.mitchell@faegrebd.com	Terrill K. Moffett kendalcantrell@moffettlaw.com
Allen Morris amorris@stites.com	Judy Hamilton Morse judy.morse@crowedunlevy.com	Erin Casey Nave enave@taftlaw.com
Matthew Daniel Neumann	Walter Scott Newbern	Shiv Ghuman O'Neill

mneumann@hhclaw.com	wsnewbern@msn.com	shiv.oneill@faegrebd.com
Matthew J. Ochs	Jessica Lynn Olsheski	Michael Wayne Oyler
kim.maynes@moyewhite.com	jessica.olsheski@justice-law.net	moyer@rwsylaw.com
Ross A. Plourde	Brian Robert Pollock	Wendy W. Ponader
ross.plourde@mcafeetaft.com	bpollock@stites.com	wendy.ponader@faegrebd.com
Timothy T. Pridmore	Anthony G. Raluy	Eric C. Redman
tpridmore@mcjllp.com	traluy@fbhllaw.net	ksmith@redmanludwig.com
Eric W. Richardson	Joe T. Roberts	David Cooper Robertson
ewrichardson@vorys.com	jratte@windstream.net	croberton@stites.com
Mark A. Robinson	Jeremy S. Rogers	John M. Rogers johnr@rubin-levin.net
mrobinson@vhrlaw.com	Jeremy.Rogers@dinslaw.com	
Joseph H. Rogers	James E. Rossow jim@rubin-levin.net	Steven Eric Runyan
jrogers@millerdollarhide.com		ser@kgrlaw.com
Niccole R. Sadowski	Thomas C. Scherer	Stephen E. Schilling
nsadowski@thbkllaw.com	tscherer@bgdlegal.com	seschilling@strausstroy.com
Ivana B. Shallcross	Sarah Elizabeth Sharp	Suzanne M Shehan
ishallcross@bgdlegal.com	sarah.sharp@faegrebd.com	suzanne.shehan@kutakrock.com
James E. Smith, Jr.	William E. Smith, III	Amanda Dalton Stafford
jsmith@smithkins.com	wsmith@kglaw.com	ads@kgrlaw.com
Joshua N. Stine	Andrew D. Stosberg	Matthew R. Strzynski
kabritt@vorys.com	astosberg@lloydmc.com	indyattorney@hotmail.com
Meredith R. Theisen	John M. Thompson	Kevin M. Toner
mtheisen@daleeke.com	john.thompson@crowedunlevy.com	kevin.toner@faegrebd.com
Christopher M. Trapp	Chrisandrea L. Turner	U.S. Trustee
ctrapp@rubin-levin.net	cturner@stites.com	ustpregion10.in.ecf@usdoj.gov
Andrew James Vandiver	Andrea L. Wasson	Jennifer Watt
avandiver@aswdlaw.com	andrea@wassonthornhill.com	jwatt@kgrlaw.com
Stephen A. Weigand	Charles R. Wharton	Sean T. White
sweigand@ficlaw.com	Charles.R.Wharton@usdoj.gov	swhite@hooverhull.com
Michael Benton Willey	Jason P. Wischmeyer	James T. Young james@rubin-levin.net
michael.willey@ag.tn.gov	jason@wischmeyerlaw.com	

I further certify that on September 23, 2014, a copy of the foregoing pleading was served via electronic mail transmission on the following:

Thomas Richard Alexander, II
tra@rgba-law.com

/s/ Jay P. Kennedy

Jay P. Kennedy, Attorney No. 5477-49
Counsel for James A. Knauer, Trustee

KROGER, GARDIS & REGAS, LLP
111 Monument Circle, Suite 900
Indianapolis, Indiana 46204-5125
(317) 692-9000 Telephone